India
Overweight *(no change)*

Financial Services - AMCs

Rising capital market returns aid growth

- Improving capital market returns are expected to boost equity AUM growth, aiding the topline and treasury gains. SIP inflow is expected to remain strong.
- Large private players like HDFC, NAM and ICICI Pru MF are seen inching up market share, while the pace of market share loss has minimized for ABSL.
- We maintain ADD rating for all AMCs as we believe there is more steam left on the back of steadily rising purchasing power of investors & falling interest rates.

Improving capital market returns fuel equity AUM growth

Industry quarterly average assets under management or QAAUM reversed their declining trend and grew by ~8% since Mar 2025 led by strong capital markets returns and healthy net inflow. There was some profit-booking in equity schemes which resulted in relatively higher gross outflow till May 2025. However, the same was partially offset by strong capital market returns, resulting in healthy equity AUM growth buoying mutual funds or MFs' overall AUM. The systematic investment plan or SIP inflow remained robust, with the gross inflow at Rs533bn in Apr-May 2025, reiterating retail investors' confidence.

Large private sector AMCs inch up market share

The three largest private sector AMCs, namely ICICI Pru Life AMC, HDFC AMC and Nippon Life India AMC, continued to gain market share in Apr-May 2025, led by strong inflows and capital market gains in equity and exchange traded fund or ETF segments. We are not surprised with this movement, as highlighted in our earlier report: *Risk is a part of the business*, because large players with a strong track record and well-established distribution network tend to gain market share at a faster pace during heightened volatility in the equity market. The three largest private sector players have maintained their rankings among the top 5 in the most active equity schemes. Another player to highlight is Aditya Birla Sun Life AMC or ABSL which has noteworthily minimized its market share loss for the second consecutive quarter.

Stable yields, better other income, & annual increment costs in opex

Yields are expected to remain sequentially flat for most players. Nevertheless, the topline is expected to grow at a healthy pace for all players aided by higher inflows and capital market gains. Revenue will also be supported by improving treasury gains, reversing the sluggish trend of the previous two quarters. On the expense front, most AMCs will incur higher employee costs due to annual increments and bonuses, while the other opex is largely expected to remain stable.

Outlook and valuation

We appreciate the overall healthy scheme-wise delivery by the industry which, in turn, continues to attract equity AUM. We believe the following key catalysts will continue to aid the inflow momentum - improving capital market sentiment and rising purchasing power, especially of the younger demographic segment, and falling interest rates. Healthy equity fund inflows are aiding the yield movement, and we expect overall yields to remain healthy in the medium term. We maintain our ADD rating on all four AMCs. NAM is our top pick in the sector with a target price of Rs940, or ~29x FY27F EPS, led by its consistent performance-led market share gains, followed by ABSL with a target price of Rs900, or ~21x FY27F EPS, amid the AMC's ability to improve its revenue yield via superior equity fund inflow aided by scheme-level outperformance translating into improving the market share movement. We also like HDFC AMC with a target price of Rs5,150, or ~30x FY27F EPS, for continued market share gains and UTI AMC (ADD, TP Rs1,350) for the undercurrent of its likely acquisition.

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Figure 1: Quarterly summary

AMCs			1QFY25	4QFY25	1QFY26F	QoQ (%)	YoY (%)
Nippon Life India AMC							
CMP (Rs)	789	**Revenue**	6,358	5,896	6,709	*13.79%*	*5.53%*
M-cap (Rs bn)	501	**PBT**	4,387	3,778	4,437	*17.44%*	*1.13%*
Reco.	ADD	**PAT**	3,323	2,986	3,464	*16.00%*	*4.23%*
TP(Rs)	940						
Aditya Birla Sun Life AMC							
CMP (Rs)	813	**Revenue**	3,805	4,226	4,380	*3.66%*	*15.13%*
M-cap (Rs bn)	235	**PBT**	3,025	3,043	3,121	*2.57%*	*3.19%*
Reco.	ADD	**PAT**	2,337	2,273	2,332	*2.57%*	*-0.20%*
TP(Rs)	900						
HDFC AMC							
CMP (Rs)	5,106	**Revenue**	9,483	10,250	10,527	*2.70%*	*11.00%*
M-cap (Rs bn)	1092	**PBT**	7,525	8,353	8,424	*0.84%*	*11.95%*
Reco.	ADD	**PAT**	6,040	6,387	6,486	*1.55%*	*7.39%*
TP(Rs)	5,150						
UTI AMC							
CMP (Rs)	1,344	**Revenue**	5,337	3,759	4,718	*25.51%*	*-11.60%*
M-cap (Rs bn)	172	**PBT**	3,413	1,540	2,490	*61.71%*	*-27.04%*
Reco.	ADD	**PAT**	2,743	1,020	1,893	*85.57%*	*-31.00%*
TP(Rs)	1,350						

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.